

# CITY BALLOT MEASURE TO AMEND MEASURE X TO ALLOW RETAIL CANNABIS USES

July 21, 2020  
City Council

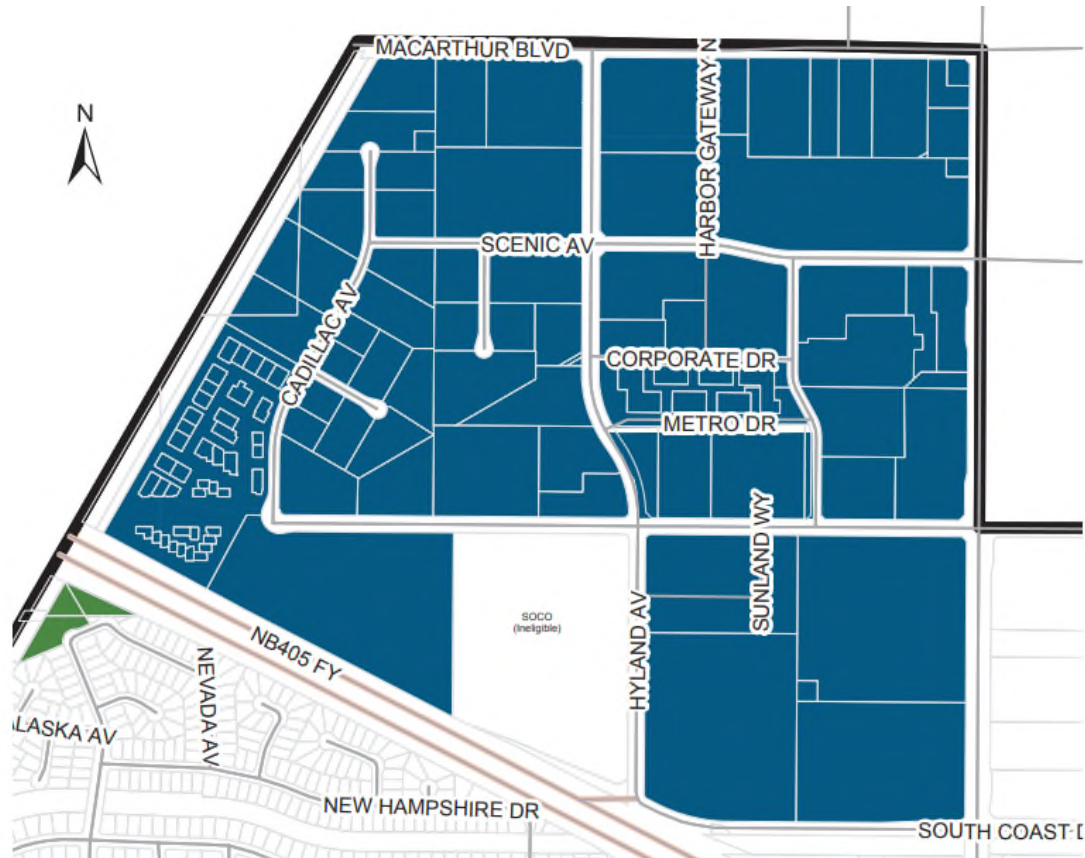


## MEASURE X BACKGROUND

- State Proposition 64: On November 8, 2016, California voters approved Prop. 64 which legalized recreational use of cannabis for adults 21 and over
- Measure X: Concurrently with Prop. 64, Costa Mesa voters approved Measure X which allowed cannabis-related uses in a defined “Green Zone” in the northwest portion of the City (distributors, manufacturers, laboratories)
  - Measure X prohibited retail cannabis and cultivation uses
- Green Zone: Cannabis-related uses in the City may only be located in specific industrial zoned properties north of South Coast and west of Harbor Boulevard. (excluding the South Coast Collection property)



# MEASURE X (GREEN ZONE) BACKGROUND







## Measure X Projects (Pending, Approved & Operating)



### Legend

- Costa Mesa
- Measure X Boundary
- Pending CUP
- Denied CUP
- Approved CUP
- Business Permit Issued
- Separate Map



# RETAIL CANNABIS MEASURE

- Amending Measure X to allow cannabis retail dispensaries and delivery must be approved by the voters
- On May 19, 2020, the City Council directed staff to explore a potential ballot Measure to amend Measure X including conducting a community survey to gauge the community's interest
- Cannabis Ad Hoc Committee formed with three Councilmembers to discuss details of a potential ballot Measure and to conduct outreach efforts with the local cannabis industry



# OUTREACH WITH LOCAL CANNABIS INDUSTRY

- Outreach efforts (Ad Hoc Committee and Staff) with local cannabis industry to obtain feedback on ballot Measure and information on best practices related to retail cannabis
- Key topics discussed include dispensaries versus delivery, retail tax rates, limit number of retailers, separation buffers from sensitive uses, specific zones/areas, and labor peace agreement



# COMMUNITY SURVEY

- FM3, an independent third-party polling firm, was retained to conduct community survey
- Community survey was to assess the community interest and potential support on the topic of allowing retail cannabis uses in the City
  - To be used as a tool for the Council in determining whether to place Measure on ballot and, if so, to help shape measure
- Surveys conducted via phone calls and online in English and Spanish from June 29 to July 2, 2020 and July 6 to July 8, 2020



## RESULTS OF COMMUNITY SURVEY

- Community survey responses received from a random sample of 427 Costa Mesa residents likely to vote in the upcoming General Election (+/- 4.9% margin of error)
- The community survey tested level of support and opposition for a potential Cannabis Tax and Regulation Measure
- Types of questions asked include general perceptions of the City, awareness of current City laws regarding retail cannabis sales in City, opinions on retail cannabis in the City, priorities of City services, and priorities for cannabis regulations





# RESULTS OF COMMUNITY SURVEY

Key findings of the survey:

- Half of the respondents perceive that the City is headed in the right direction
- Low awareness among voters that it is currently illegal to operate a dispensary in the City
- Roughly two-thirds in general support allowing the sales of cannabis products in the City
- Majority support both retail storefront and delivery of cannabis in the City and tax rate of 5% and 7% (higher support at 5% rate)
- After hearing both supportive and critical statements on retail cannabis, majority continued to indicate support for the potential ballot measure



## PROPOSED BALLOT MEASURE

- Uncodified versus codified ordinance: uncodified ordinance allows City Council and staff the most time to identify best practices and further research the advantages/disadvantages of retail operations in other cities
- As drafted, and presuming the Measure is passed by the voters, the Measure allows the City Council to adopt an ordinance at a later date provided that such ordinance is adopted by a two-thirds vote and includes certain minimum requirements
- Should the Measure be adopted, staff intends to draft an ordinance that includes retail cannabis uses restricted within the existing framework of Measure X



## PROPOSED BALLOT MEASURE

Minimum requirements for uncoded ordinance include:

- Retail storefront (i.e. dispensary) only permitted in commercial zones
- Retail non-storefront (i.e. delivery) permitted in commercial zones and the Green Zone
- Minimum of 1,000-foot separation from sensitive uses (e.g. childcare facilities, K-12 schools, playgrounds and homeless shelters)
- Security measures required
- Labor peace agreement required for retail businesses with two or more employees
- Retail tax rate a minimum of 4% and a maximum of 7%
- Annual publicly available independent audit of tax proceeds



# RETAIL CANNABIS MEASURE

- Draft ballot Measure language as it would potentially appear on the ballot:

Shall an ordinance authorizing regulating, taxing retail sales/deliveries of cannabis; limiting locations of cannabis establishments to protect neighborhoods, schools, children; requiring security; imposing a gross receipts tax of 4% to 7% on retail cannabis businesses until ended by voters; raising approximately \$3,000,000 annually for maintaining 911 response, fire/public safety protection, parks, youth/senior services, addressing homelessness, retaining small businesses, other general services; requiring public disclosure, funds controlled locally; be adopted?	Yes
	No

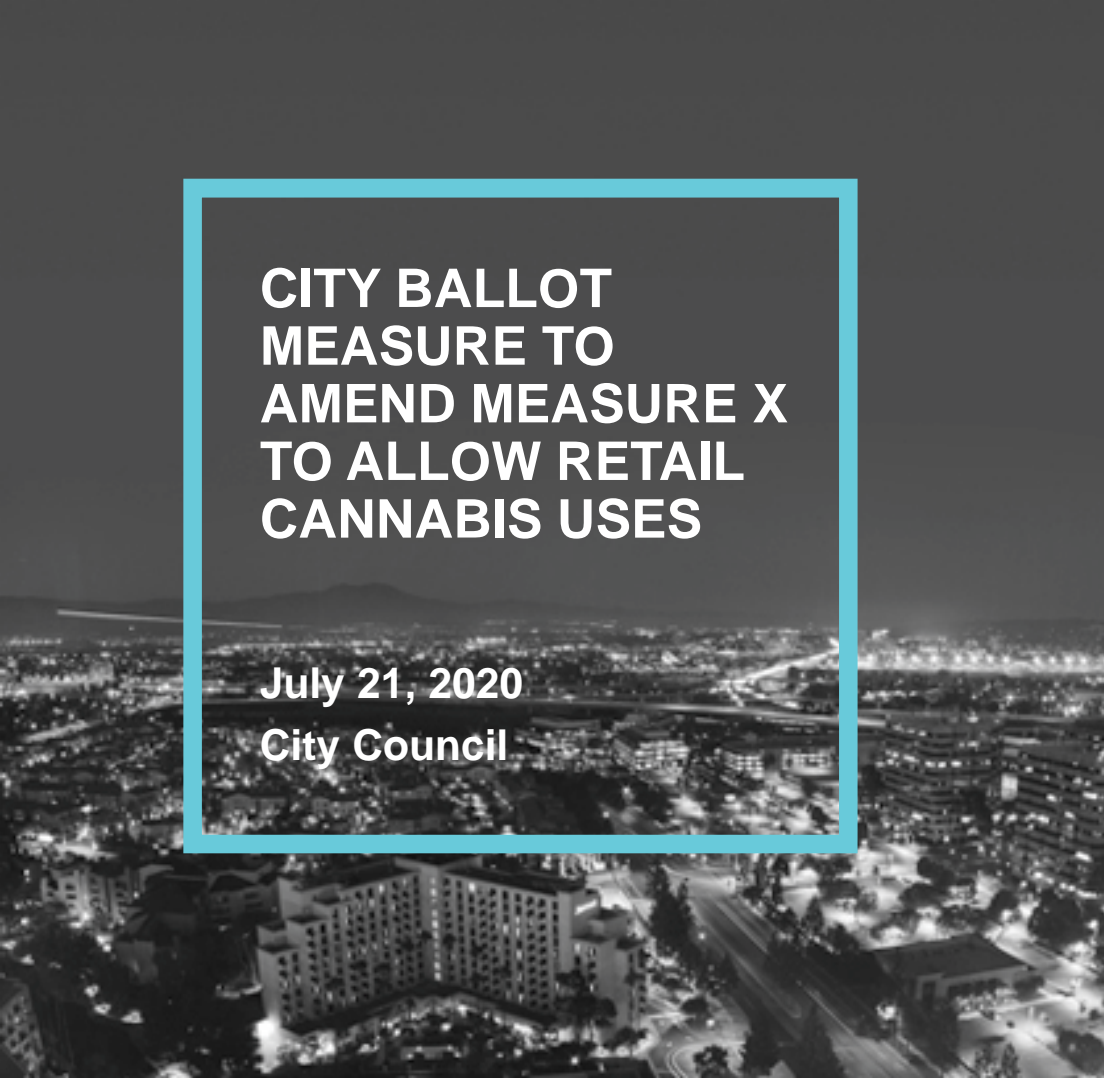


# RECOMMENDATION

Staff requests City Council:

- Consider the proposed ordinance entitled, “The City of Costa Mesa Retail Cannabis Tax and Regulation Measure” relating to cannabis retail storefront and non-storefront uses within certain areas of the City; and
- Provide direction on whether to place the proposed ordinance on the November 3, 2020 ballot





# **CITY BALLOT MEASURE TO AMEND MEASURE X TO ALLOW RETAIL CANNABIS USES**

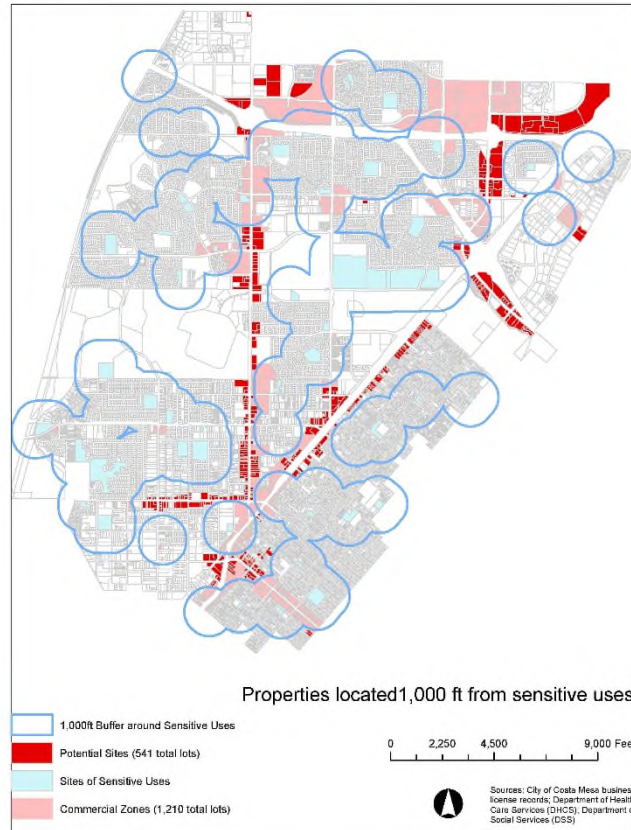
**July 21, 2020**

**City Council**





# 1000-FOOT SENSITIVE USES MAP



*Disclaimer: The City of Costa Mesa makes no guarantee as to the accuracy of any of the information provided and assumes no liability for any errors, omissions, or inaccuracies.*

